

Prices,
from S1/1

The central bank now expects inflation to hit 4.3% this year. "BSP may attempt to point to the supply side nature of the 2022 inflation breach as reason for standing by and delaying rate hikes. However, it is now becoming clear that second round effects have surfaced and inflation expectations are fast becoming de-anchored," he added.

The BSP has kept its policy rate unchanged at 2% since November 2020 to support economic recovery.

The Monetary Board will hold its next policy review on May 19.

BSP Governor Benjamin E. Diokno has said they might raise rates by the second half. He said they were prepared to take "preemptive action" should inflation go significantly beyond the target. — **Luz Wendy T. Noble**

Debt,
from S1/1

"So, we're not worried about the repayment, but we have to really grow out of the debt. In other words, expand our economy by better than 6% per year, over the next five or six years."

The Philippines ended 2021 with P11.73 trillion in outstanding debt, pushing the debt-to-gross domestic product (GDP) ratio to a 16-year high of 60.5%. This is higher than the 60% threshold considered manageable by multilateral lenders for developing economies.

Outstanding debt stood at a record P12.09 trillion at the end of February.

The government set a 7-9% GDP growth target this year, and 6-7% in 2023, as it expects the economy to bounce back from the pandemic.

However, the Russia-Ukraine war would weigh heavily on the Philippine economy's recovery, Mr. Dominguez said, citing the impact of the war on oil and grain prices.

UnionBank of the Philippines, Inc. Chief Economist Ruben Carlo O. Asuncion said the Philippines is likely to achieve more than 6% GDP expansion in the next few years since it was the "norm" before the pandemic disrupted the growth momentum.

The outlook may be clouded by uncertainty from geopolitical risks, China's potential economic slowdown, and global monetary policy tightening, he said in an e-mail.

"All these put pressure on trade performance, remittance



THE PHILIPPINE STAR/ MICHAEL VARCAS

A HEALTH WORKER prepares to administer a coronavirus disease 2019 vaccine at a vaccination facility in Quezon City, June 23, 2021.

inflows and real investment," Mr. Asuncion said. "Moreover, there are domestic uncertainties from the results of the May national elections. Investors are weighing carefully and watching the internal developments that would form part of future investment expansion decisions."

ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa, said the country is unlikely to sustain more than 6% growth in the next few years.

"We believe the country will continue to post robust growth in the coming three years," he said in an e-mail. "We believe however growth momentum has been significantly impaired by the pandemic and several headwinds point to growth moderating to roughly 5% through to 2024."

"We could see growth fall below the official 7-9% target, and even below the 6% threshold set out by Mr. Dominguez."

Several multilateral institutions' growth projections for the Philippines are below the government's 7-9% target.

The International Monetary Fund (IMF) and ASEAN+3 Macroeconomic Research Office (AMRO) gave a 6.5% GDP growth forecast for the Philippines this year, while the Asian Development Bank (ADB) expects a 6% expansion.

For 2023, AMRO sees the Philippine economy expanding by 6.5%, while the IMF and ADB both forecast 6.3% growth.

Only the World Bank gave lower than 6% GDP projections for the Philippines — 5.7% GDP for 2022 and 5.6% for 2023 and 2024.

EYE ON FED

Meanwhile, Mr. Dominguez said the Philippines would be closely watching the Federal Reserve's monetary policy normalization before making its own policy adjustments.

"We don't want to be behind the eight ball here because if the US raises their interest rates, people in the Philippines will, of course, want to follow those rates. We have to make sure we balance the need to grow, the need to fight inflation and the need to preserve our capital," Mr. Dominguez, who sits on the Monetary Board, said.

The US Federal Reserve in March began raising interest rates by a quarter percentage point to tame decades-high inflation.

The Bangko Sentral ng Pilipinas (BSP) has kept rates steady to support economic recovery.

In March, inflation in the Philippines quickened to 4%, matching the upper end of the central bank's 2-4% target.

BSP Governor Benjamin E. Diokno has said inflation could breach the target in the second half due to surging global oil prices. He has said they were still keen to start raising interest rates by the second half, when they expect the economy will have likely returned to its pre-pandemic level.

The Monetary Board's next two policy-setting meetings are scheduled for May 19 and June 23. Its first review in the second half is on Aug. 18. — **Tobias Jared Tomas**

BUSINESSWORLD B-SIDE**PHL digital economy: \$40 billion by 2025, despite Omicron**

THE OMICRON SURGE doesn't dampen expectations that the Philippine internet economy will hit \$40 billion in terms of value by 2025.

"We don't look at our estimates from an event point of view because we can't forecast individual events like Omicron and who knows what's going to happen next," says Willy Chang, associate partner at Bain & Company. "It's based on foundational views."

In this B-Side episode, Mr. Chang explains the e-Economy SEA Report released in November 2021 by Google, Temasek, and Bain & Company to *BusinessWorld* reporter Revin Mikhael D. Ochoa.

He identifies "pockets of opportunity" for small and medium enterprises and how they can become part of Southeast Asia's fastest-growing digital economy. "The headroom for growth is tremendous."

>>> <https://spoti.fi/37RiAN>

**Deficit,**
from S1/1

Total trade — the sum of exports and imports — rose by 24.2% to \$192.532 billion from \$155.026 billion in 2020.

In an e-mail, ING Bank N.V. Manila Branch Senior Economist Nicholas Antonio T. Mapa said the jump in trade was due to base effects because 2020 was "an abnormal year" due to the strict lockdowns that caused supply chain disruptions.

He said 2021 was "an exceptional year," as the economy gradually reopened. Trade levels in the past two years were still below 2019 levels.

"Although we did see a bit of catch up in terms of restocking of inventory and return to some level of normalcy for business activity, the pace of global trade had yet to fully normalize," he said.

"One reason for this was the fact that the Philippines still faced two lockdown episodes in 2021," he added, referring to the strict lockdowns implemented to curb a surge in coronavirus disease 2019 (COVID-19) infections in April and August last year.

The country experienced an Omicron-driven COVID-19 surge in January this year, but infections have considerably declined since then. Metro Manila and other areas have been under the most lenient alert level since March.

"The export sector was dominated once more by the mainstay electronics sector, which not only benefited from base effects but also from the stark pickup in demand for these products due to the global chip shortage," Mr. Mapa said.

"Imports were dominated by the spike in fuel imports, driven by an increase in both volume and value."

Manufactured goods, which accounted for 82.9% of exports last year, rose by 15% annually to \$61.867 billion.

Electronic products, which made up 56.9% of the total export receipts and almost a third of manufactured goods, grew by 12% to \$42.495 billion.

Semiconductors, which accounted for 41.7% of exports and more than a fourth of electronic products, increased by 7.4% to \$31.161 billion.

Exports of mineral products went up by 16% to \$5.908 billion last year from \$5.093 billion in 2020. These goods accounted for 7.9% of exports last year.

It was followed by other manufactured goods (up 25.7% annually to \$4.528 billion) and other mineral products (up 25.7% to \$2.527 billion).

Imports of raw materials and intermediate goods, which accounted for 40.7% of the total import bill last year, jumped by 32.7% to \$47.988 billion.

With a 30.1% share of the total, capital goods climbed by 19.2% to \$35.471 billion from \$29.752 billion.

Consumer goods, which accounted for about 16% of the total bill, rose by 22% to \$18.852 billion.

The United States was the main destination of the country's products, with a 15.9% share at \$11.849 billion. It was followed by China (15.5% at \$11.553 billion) and Japan (14.4% at \$10.725 billion).

China was the country's major source of imports with \$26.799 billion, accounting for 22.7% of the total. It was followed by Japan's \$11.108 billion (9.4% share) and South Korea's \$9.351 billion (7.9%).

The Philippines had trade surpluses with Hong Kong (\$6.663 billion), the United States (\$4.098 billion) and the Netherlands (\$1.683 billion).

It had the widest trade deficits with China (\$15.246 billion), Indonesia (\$7.579 billion) and South Korea (\$6.777 billion).


Mr. Mapa expects demand for electronics this year to remain robust, but it could moderate as global growth slows due to the Russia-Ukraine war. Demand for food exports might rise this year, he added.

"This year, we face new headwinds in the form of renewed supply chain bottlenecks and the disruption brought about by the Ukraine war. Both the International Monetary Fund and World Bank have trimmed their respective global growth projections which suggests that global trade will likely moderate in the near term," he said.

The IMF raised its Philippine economic growth forecast this year to 6.5% from 6.3%. The World Bank cut its outlook for the country to 5.7% from 5.8% due to the impact of Russia's invasion of Ukraine.

Both projections fell below the government's 7-9% target for 2022.

The government expects exports and imports to grow by 6% and 10% this year.



Power Maintenance Updates

by **MERALCO ADVISORY**

The following are scheduled power interruptions necessary for the regular maintenance and upgrade of our power distribution facilities, to ensure the delivery of safe and reliable electricity to your areas. Rest assured that Meralco is doing everything to quickly restore your electricity according to schedule.

SUNDAY, APRIL 24, 2022	THURSDAY, APRIL 28, 2022
<p>MANILA (SAN NICOLAS)</p> <p>BETWEEN 8:30AM AND 3:00PM – PORTION OF CIRCUITS BINONDO 45N; AND NORTH PORT 51H – BINONDO 43N</p> <p>Portion of Camba St. from Lavezares St. to and including A. Velasquez and M. De Santos Sts.</p> <p>Portion of San Nicolas St. from Asuncion St. to near Madrid St. including Chinatown Steel Tower Inc.</p> <p>REASON: Replacement of pole, line reconductoring work and installation of additional lightning protection devices along Camba and San Nicolas Sts. in San Nicolas, Manila.</p>	<p>QUEZON CITY</p> <p>BETWEEN 12:01AM AND 7:00AM – PORTION OF CIRCUIT DILIMAN 42VU</p> <p>Portion of Tandang Sora Ave. Ext. from New Era Fire Station to near Congressional Ave. including Doña Faustina Subd. Villages 1 & 2, Gloria Subd. Phase 3, Rosalia Compound, Salam Mosque Compound, San Antonio Village, Sanville Subd., St. Dominic Subd. Phase 4, Union Village, U. P. Prof Village, Tierra Verde Subd.; Casanova, Diamond Lane and Glenn Sts.; GMA Network Tower Station, New Era University Professional Schools Bldg., Culiati High School, New Era Elementary School, BP Ecosystem Equipment Corp., Maligna Development Corp., Newbeginnings Inc. and Tara Residences in Bgys. Culiati, Pasong Tamo and Tandang Sora.</p> <p>Portion of Iglesia Ni Cristo Compound including Quarry Condominium and Water Pump in Bgy. New Era.</p> <p>REASON: Line reconstruction work along Tandang Sora Ave. Ext. in Bgys. Culiati and Tandang Sora in Quezon City.</p>
<p style="text-align: center; background-color: #333; color: white; padding: 2px;">TUESDAY, APRIL 26, 2022</p> <p>BULACAN (SANTA MARIA)</p> <p>BETWEEN 12:01AM AND 5:00AM – PORTION OF CIRCUIT STA. MARIA 42ZYU</p> <p>Portion of C. Ignacio and A. Bonifacio Sts. from J. P. Rizal St. to and including Gulod Subd., Villarica Subd., Likod Simbahan Subd. and Ompoc Subd.; Burgos, Mercado and A. Morales Sts. in Bgy. Poblacion.</p> <p>REASON: Line maintenance work and installation of facilities along C. Ignacio and A. Bonifacio Sts. in Bgy. Poblacion, Santa Maria, Bulacan.</p>	<p style="text-align: center; background-color: #333; color: white; padding: 2px;">SATURDAY, APRIL 30, 2022</p> <p>MAKATI CITY (POBLACION) AND MANDALUYONG CITY (BARANGKA IBABA; BARANGKA DRIVE AND HULO)</p> <p>BETWEEN 9:30AM AND 10:00AM AND THEN BETWEEN 3:00PM AND 3:30PM – PORTION OF CIRCUITS NEW ROCKWELL 412VV AND 421VV</p> <p>Portion of J. P. Rizal St. from Waterfront Drive to and including Casa Hacienda Park, Kitchenmate and SC Johnson Phils.; and Ilaya St. in Bgy. Poblacion, Makati City.</p> <p>Portion of R. Palma St. from Rockwell Drive to and including Atty. J. D. Villena, Albert, Osias, Gabaldon, Mañalac and Don Pedro Sts.; Makati Elementary School, Polytechnique Mfg. and BDO – Rockwell Center in Bgy. Poblacion, Makati City.</p> <p>Portion of Coronado St. from E. Pantaleon St. to and including Acqua Private Residences and Our Lady of the Abandoned Parish Church in Bgy. Hulo, Mandaluyong City.</p>
<p style="text-align: center; background-color: #333; color: white; padding: 2px;">TUESDAY TO WEDNESDAY, APRIL 26 - 27, 2022</p> <p>PASIG CITY (BAMBANG)</p> <p>BETWEEN 10:00PM (TUE., 04/26/22) AND 3:00AM (WED., 04/27/22) – PORTION OF CIRCUIT PASIG 43ZK</p> <p>Portion of F. Manalo and V. Pozon Sts. from Montville Place to near C. M. Cruz St.</p> <p>REASON: Installation of new facilities along V. Pozon St. in Bgy. Bambang, Pasig City.</p>	<p>BETWEEN 9:30AM AND 3:30PM – PORTION OF CIRCUITS NEW ROCKWELL 412VV AND 421VV</p> <p>Portion of E. Pantaleon St. from Coronado St. to and including Apollo Steel Mill and Mandaluyong City Science High School; F. Blumenritzt, Matamis and San Jose Sts.; and Hulo BLISS Townhomes in Bgys. Hulo and Barangka Ibaba, Mandaluyong City.</p> <p>Portion of Private Road from Mandaluyong City Science High School to Hulo BLISS Townhomes in Bgy. Hulo, Mandaluyong City.</p> <p>Portion of Tiyaga, Sgt. Bumatay, Ma. Clara and Katarungan Sts. from Private Road to and including Tanglaw, Sikap, Florante, Bulalakaw, Hasmin, Sampaguita, Laura, Payapa, Kasipagan, Kislap and Kalinisan Sts. in Bgys. Plainview and Barangka Drive in Mandaluyong City.</p> <p>REASON: Line reconductoring work along E. Pantaleon, Barangka Drive and Private Road in Bgys. Hulo and Barangka Drive in Mandaluyong City.</p>

Register now to receive FREE texts about our Power Maintenance Schedules!

Text MERALCO <space> ON <space> your Service ID Number (which can be found in your bill) to:

Smart/Talk 'n Text	717-16211
Sun	0925-77-16211
Globe/TM	0917-55-16211

For more updates, follow us on Facebook and Twitter.

facebook /meralco
 @meralco

For emergencies, call: 16211

